

Item 4

H. Tomasek

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EXCISE TAXES

SUMMARY OF RECOMMENDATIONS FOR REVISIONS

GIVEN IN TESTIMONY

BEFORE THE

**COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES**

ON

JULY 21, 22, 23, 24, 27, 28, 29, 30, 31

AND

AUGUST 3, 1964



Staff of the Joint Committee on Internal Revenue Taxation

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 - (b) M. P. Daniels, Stitt & Hemmendinger, Smoking Articles Export Promotion Association of Japan-----
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 - (c) Morley P. Thompson, National Piano Manufacturers Association of America, Inc., National Association of Electronic Organ Manufacturers, Guitar & Accessory Manufacturers Association of America, National Association of Band Instrument Manufacturers, National Association of Musical Merchandise Wholesalers, Inc.-----
 - (d) William R. Gard, executive manager, National Association of Music Merchants, Inc.-----
 - (e) Dr. Peter Wilhousky, director of music, New York Public Schools-----
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 - (a) William R. Gard, executive vice president, National Association of Music Merchants, Inc.-----
 - (b) Delbert L. Mills, Electronic Industries Association-----
 - (c) Vincent T. Wasilewski, executive vice president, National Association of Broadcasters-----
 - (d) Mort Farr, director, National Appliance & Radio-TV Dealers Association-----

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- (a) Give priority to reducing the tax on UHF sets; in particular, reduce from 10 to 5 percent but the reduction should not exceed the cost of installing a UHF tuner:
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 - (2) William G. Harley, president, National Association of Educational Broadcasters----- 600
 - (3) Mort Farr, director, National Appliance & Radio-TV Dealers Association----- 608
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- (a) Pauline B. Dunckel, executive secretary, Institute of Appliance Manufacturers----- 700
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(3) G. Keith Funston, president, New York Stock Exchange-----	902
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(2) Association of Stock Exchange Firms and National Association of Securities Dealers, Inc. (exemption also to be applied to over-the-counter market)-----	900
(3) G. Keith Funston, president, New York Stock Exchange-----	902
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(c) Frank G. Hathaway, secretary-treasurer, National Club Association-----		920
(d) Patricia McCormick, Southern California Chapter, United States Olympians-----		935
(e) Walter A. Slowinski, Washington, D.C., attorney-----		943
(f) Kahl K. Spriggs, attorney, United States Lawn Tennis Association-----		947
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(b) Samuel G. McCluney, president, North American Game Breeders & Shooting Preserve Association-----		956
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	(9) Emanuel Frisch, Randforce Amusement Corp., Brooklyn, N.Y-----		1176
	(b) <i>To exempt live theater:</i>		
	(1) Hon. John V. Lindsay, Representative in Congress from the State of New York (his bill, H.R. 2518 would exempt live dramatic and musical)-----		1177
	(2) Harold Prince, president, National Association of the Legitimate Theatre, Inc., and president, League of New York Theatres, Inc-----		1178
	(3) John F. Wharton, National Association of the Legitimate Theatre, Inc., and the League of New York Theatres, Inc. (also repeal additional taxes on sales outside box office or sales by proprietor in excess of regular price)-----		1180
	(4) David Merrick, National Association of the Legitimate Theatre, Inc., and the League of New York Theatres, Inc-----		1183
	(5) Jack Golodner, legislative representative, Actors Equity Association-----		1197
	(6) Musical Arena Theatres Association, Edward O. Lutz, executive director-----		1203
	(c) <i>Miscellaneous:</i>		
	(1) Advocates his bill, H.R. 12045, to exempt admissions to motion pictures, exhibits, carnivals, rodeos, and circuses promoted and sponsored in municipally owned facilities:	Hon. Horace R. Kornegay, Representative in Congress from the State of North Carolina-----	1165
	(2) To exempt admissions to travel attractions:	James C. Gross, executive director, National Association of Travel Organizations-----	1205
	(3) To broaden the exemption for athletic events so that postseason college games for the benefit of non-profit hospitals are covered (H.R. 8854):	A. F. Dudley, president, Liberty Bowl Charities, Inc., Philadelphia, Pa-----	1205

1. General admissions—Continued		Page in hearings
(c) <i>Miscellaneous</i> —Continued		
(4) The admissions tax for racetracks should be the same as on other forms of amusement or entertainment (same rate and same exemptions):		
(i) Devereux Milburn, counsel, Thoroughbred Racing Associations, exhibit A-----	1254	
(ii) Franklin E. Devlin, president, Harness Tracks of America-----	1264	
2. Cabaret taxes:		
(a) <i>Repeal the cabaret tax</i> :		
(1) Hon. Thomas M. Pelly, Representative in Congress from the State of Washington-----	1208	
(2) Hon. Clement J. Zablocki, Representative in Congress from the State of Wisconsin-----	1209	
(3) Arthur J. Packard, chairman, Governmental Affairs Committee, American Hotel & Motel Association-----	1211	
(4) A. W. Zelomack, American Federation of Musicians AFL-CIO-----	1216	
(5) Ira H. Nunn, legislative counsel, National Restaurant Association-----	1220	
(6) Robert Zanville, Restaurant Beverage Association of Washington, D.C., and National Licensed Beverage Association-----	1226	
(b) <i>Consider enactment of statutory guidelines for distinguishing between ballrooms and cabarets; certain tests proposed in exhibit C on page 1243</i> :		
National Ballroom Operators Association, Donald J. Brown, general counsel-----	1231	
III. COMMUNICATIONS		
1. Telephone taxes:		
(a) <i>Recommends H.R. 8166, which provides a gradual reduction in the rates of telephone taxes of 2 percent each year; complete elimination in 5 years</i> :		
Hon. H. Allen Smith, Representative in Congress from the State of California-----	1083	
(b) <i>Recommends repeal of telephone taxes</i> :		
(1) Hon. Leonor K. Sullivan, Representative in Congress from the State of Missouri-----	346	
(2) Hon. H. Allen Smith, Representative in Congress from the State of California-----	1083	
(3) Alexander L. Stott, vice president, American Telephone & Telegraph Co-----	1085	
(4) William C. Mott, executive vice president, United States Independent Telephone Association-----	1103	
(5) David C. Fullarton, executive manager, National Telephone Cooperative Association-----	1119	
(6) Hon. Walter S. Baring, Representative in Congress from the State of Nevada-----	1121	
(7) Joseph A. Beirne, president, Communications Workers of America, AFL-CIO-----	1122	
(8) J. D. Orchard, president, Nevada Telephone Association-----	1123	
(9) H. R. Wilbourn, Jr., president, Allied Telephone Co., Little Rock, Ark-----	1124	
(10) National Association of Railroad & Utilities Commissioners, Everette Kreeger, secretary-----	1129	
(11) Hon. Clement J. Zablocki, Representative in Congress from the State of Wisconsin-----	1209	
2. Telegrams:		
<i>Exempt from tax</i> :		
(1) G. Stewart Paul, vice president and director, Western Union Telegraph Co-----	1124	
(2) Commercial Telegraphers' Union, E. L. Hageman, international president-----	1128	
(3) National Association of Railroad & Utilities Commissioners, Everette Kreeger, secretary-----	1129	

3. Wire and equipment:

	Page in hearings
(a) <i>Repeal the tax:</i>	
(1) John J. Mitchell, Twin Coast Newspapers, Inc.	1130
(2) Francis J. Hughes, general counsel, Association of Stock Exchange Firms	1160
(b) <i>Reduce the tax from 8 percent to 3 percent:</i>	
(1) G. Keith Funston, president, New York Stock Exchange	1158
(2) John R. Haire, chairman, Federal Taxation Committee, Investment Bankers Association of America	1160
(c) <i>Exempt from the wire and equipment tax background music service transmitted by wire:</i>	
(1) Charles C. Cowley, president, Muzak, a division of Wrapher Corp.	1138
(2) Emerson A. Alberty, president and general manager, Business Music Corp., Memphis, Tenn.	1141
(d) <i>Exempt burglar and fire alarm equipment from the wire and equipment tax:</i>	
Malcolm Goldstone, president, Owl Protective Co., Inc., National Burglar & Fire Alarm Association, Central Station Electrical Protection Association, and Central Office Alarm Co., Inc.	1151
(e) <i>Remove the tax on radio common carrier services:</i>	
Boyd King, director, National Mobile Radio System	1162
(f) <i>Amend the law so that the microwave relay service for community antenna television is not taxable as wire mileage for the period 1959-62:</i>	
Robert D. L'Heureux, general counsel, National Community Television Association, Inc.	1155

4. *Repeal of all communications taxes:*

(1) Hon. Abraham J. Multer, Representative in Congress from the State of New York	175
(2) Godfrey A. Stamm, managing director, Broadway Association, Inc.	234
(3) Chicago Association of Commerce and Industry, Herbert V. Prochnow, president	236

IV. TRANSPORTATION

1. *Repeal the tax:*

(a) Hon. Abraham J. Multer, Representative in Congress from the State of New York	175
(b) Godfrey A. Stamm, managing director, Broadway Association, Inc.	234
(c) Hon. Clement J. Zablocki, Representative in Congress from the State of Wisconsin	1209

2. *Include steamship travel with air travel as part of uninterrupted international transportation for tax purposes and extend the time limit for connecting transportation from 6 to 12 hours:*

(a) Hon. John M. Murphy, Representative in Congress from the State of New York	1163
(b) Pacific American Steamship Association, John M. Thurman, vice president (submitted proposed amendment)	1164
(c) American Merchant Marine Institute, Inc., Alvin Shapiro, vice president	1165

V. OCCUPATIONAL TAXES—BOWLING ALLEYS, ETC.

Repeal the tax:

C. E. Goldberg, chairman, executive committee, Bowling Proprietors Association of America	802
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E. RECOMMENDATION FOR ALCOHOLIC BEVERAGE TAXES		Page in hearings
1. Beer:		
(a) In July of 1965, cut the beer tax to the pre-Korean rate of \$8 a barrel and, as soon as possible thereafter, reduce the rate to the 1940 tax rate of \$6 a barrel. Allow the tax to be paid on the basis of the brewers' records in the same way that income taxes and manufacturers' taxes are paid:	Clinton M. Hester, counsel, United States Brewers Association-----	981
(b) Reduce the tax on beer to \$6 a barrel:	Russell H. Hopkins, executive manager, National Beer Wholesalers' Association of America-----	995
(c) Grant a tax reduction of \$2 a barrel for the first 100,000 barrels per brewery:	(1) Thomas E. O'Neill, attorney, Brewers' Association of America----- (2) Mr. Clinton M. Hester opposes this recommendation-----	1004 981
2. Wine:	Reduce the tax on natural sparkling wines from \$3.40 to \$1 per gallon and on artificially carbonated from \$2.40 to 50 cents per gallon:	
	(1) Grayton H. Taylor, chairman, Wine Conference of America-----	1030
	(2) National Association of Alcoholic Beverage Importers, Inc., John F. O'Connell, president-----	1056
3. Distilled spirits:	For a minimum, cut the distilled spirits tax to the pre-Korean rate of \$9 per proof gallon and eventually reduce the tax to \$6.	
	(1) Tax Council of the Alcoholic Beverage Industries, Charles W. Bryant, executive director-----	1042
	(2) National Association of Alcoholic Beverage Importers, Inc., John F. O'Connell, president-----	1056
	(3) Distillery, Rectifying, Wine & Allied Workers' International Union of America, Nathan P. Voloshen, legislative representative-----	1060
4. Cider:	Exempt sparkling cider from tax (wine rates now apply):	
	(1) Monsieur Henri Wines, Ltd., Brooklyn, N.Y., Herbert Feinberg, vice president-----	1057
	(2) British-American Chamber of Commerce, A. P. Spooner, general manager-----	1058
F. RECOMMENDATIONS FOR TOBACCO TAXES—CIGARS		
Change from the bracket system to a manufacturers tax of 8 percent with a maximum rate of \$20 per thousand:		
	(1) Leon Singer, counsel, Cigar Manufacturers Association of America-----	1065
	(2) Clarence M. Weiner, economist, Cigar Manufacturers Association of America-----	1068
G. GENERAL EXCISE TAX RECOMMENDATIONS		
1. Eliminate selective excise taxes:		
(a) Joel Barlow, chairman, Committee on Taxation, Chamber of Commerce of the United States-----	123f	
(b) Lewis D. Spencer, Federal Excise Tax Council-----	195	
(c) John W. Overholser, Montrose, Colo-----	369	
(d) International Union of United Brewery, Flour, Cereal, Soft Drink & Distillery Workers of America, Arthur P. Gildea, secretary-treasurer-----	1064	
(e) Frazar B. Wilde, chairman, Tax Subcommittee, Committee for Economic Development-----	222	

2. Value added tax:		
(a) Value added tax should be substituted for the corporate income tax:		
(1) Joel Barlow, chairman, Committee on Taxation, Chamber of Commerce of the United States-----	123f	
(2) Maurice E. Peloubet, American Economic Foundation-----	152	
(b) Study value added tax: Frazar B. Wilde, chairman, Tax Subcommittee, Committee for Economic Development-----	222	
(c) Excise tax cuts should not be used as justification for a value added tax: Nathaniel Goldfinger, director, Department of Research, American Federation of Labor & Congress of Industrial Organizations-----	178	
3. Replace the selective excises with a low rate uniform excise tax:		
(a) Advocates: Joel Barlow, chairman, Committee on Taxation, Chamber of Commerce of the United States-----	123f	
(b) Opposes: Nathaniel Goldfinger, director, Department of Research, American Federation of Labor & Congress of Industrial Organizations-----	178	
4. Miscellaneous:		
(a) Nathaniel Goldfinger, director, Department of Research, American Federation of Labor & Congress of Industrial Organizations-----	178	
(1) Excise tax reduction should be designed to diminish the regressive impact and reduce administrative problems-----		
(2) Committee should make clear its intent that tax cuts be passed on to the consumer-----		
(b) Lewis D. Spencer, Federal Excise Tax Council-----	195	
(1) To reduce all ad valorem excises to a uniform rate.		
(2) Eliminate the burden of proof requirement of section 6416(a)(1) when the tax is not separately stated.		
(3) Provide a credit for sales which become wholly or partially uncollectible.		
(4) Adopt a provision clarifying the problem of combina- tion sales and uses.		
(5) To clarify the statute of limitations in section 6501 by defining what constitutes filing of a return.		
(c) Arnold J. Hoffman, attorney, New York, N.Y-----	405	
Modify the requirements for bringing legal action on Federal excise tax matters.		
(d) William H. Bulkeley, president, National Social Welfare As- sembly, Inc-----	396	
Grant excise tax exemption to all organizations exempt under sections 501(a) and 501(e)(3).		
(e) Donald Cordes, vice chairman, Council on Government Re- lations, American Hospital Association-----	400	
To exempt all nonprofit hospitals.		
(f) Leslie C. Hackler, Jr., tax counsel, Gibson Discount Co., Dallas Tex-----	354	
(1) If repeal not favorable, replace the retail taxes with manufacturers' taxes;		
(2) Give the Tax Court jurisdiction to hear excise cases; or		
(3) Let the U.S. district courts hear tax cases without the tax being paid first.		



